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of the State of California
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Attorneys for Complainant

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. AC-2003-28

PAUL ROBERT WILKINSON
250 E. Douglas Avenue, Suite 200
El Cajon, California 92020

**STIPULATION IN
SETTLEMENT AND DECISION**

Certified Public Accountant
Certificate No. CPA 37698

Respondent.

In the interest of a prompt and speedy settlement of this matter, consistent with the public interest and the responsibility of the California Board of Accountancy (hereinafter the "Board"), the parties submit this Stipulation in Settlement and Decision to the Board for its approval and adoption as the final disposition of the Accusation.

It is hereby stipulated by and between the parties to the above-captioned matter and their respective counsel that the following is true.

1. Respondent PAUL ROBERT WILKINSON (hereinafter "respondent"), holds Certificate No. 37698 of Certified Public Accountant. Said certificate was issued by the Board on May 6, 1983. The license is on active status and will expire on September 30, 2006.

1 2. On or about May 27, 2003, Carol B. Sigmann, in her official capacity as
2 the Executive Officer of the Board, and as the Complainant, issued on behalf of the Board an
3 Accusation, Case No. AC-2003-28, setting forth causes for discipline of the Certified Public
4 Accountant license held by respondent (hereinafter the "Accusation"). The Accusation was duly
5 and properly served upon respondent. On or about June 6, 2003, respondent submitted a Notice
6 of Defense to the Accusation, Case No. AC-2003-28. A true and correct copy of the Accusation,
7 Case No. AC-2003-28, is attached hereto as Exhibit "A" and is incorporated herein by this
8 reference.

9 3. Complainant Sigmann is represented in this matter by Bill Lockyer,
10 Attorney General of the State of California, by and through Richard D. Garske, Deputy Attorney
11 General.

12 4. Respondent is represented in this matter by John Mitchell, attorney at law.

13 5. Respondent has received and read the Accusation in Case No. AC-2003-
14 28, presently pending before the Board.

15 6. Respondent understands the nature of the charges alleged in the
16 Accusation and that the charges and allegations constitute cause for imposing discipline upon his
17 license to practice as a Certified Public Accountant in California. Respondent is fully aware of
18 his right to a hearing on the charges and allegations contained in the Accusation and the right to
19 request reconsideration or appeal, as well as all other rights accorded him pursuant to the
20 California Business and Professions Code and Government Code. Respondent freely and
21 voluntarily waives all of these rights.

22 7. Respondent understands that he has the right to use compulsory
23 process to procure the presence of witnesses at a hearing on the Accusation or to procure
24 documentary evidence to be presented on his behalf, and that by entering into this Stipulation,
25 respondent gives up the right to compulsory process.

26 8. Respondent understands that at a hearing, he could introduce relevant
27 testimony and exhibits on his own behalf and in mitigation, including exculpatory evidence. At a
28 hearing, respondent would have the opportunity to rebut the evidence against him. Respondent

1 understands that by entering into this Stipulation, he gives up the right to call witnesses or
2 introduce evidence on his own behalf or in mitigation, or to rebut the evidence against him.

3 9. Respondent admits the truth of each and every allegation in the
4 Accusation, Case No. AC-2003-28, and agrees that he has therefore subjected his license to
5 discipline. Respondent agrees to the Board's imposition of penalty, as set forth in the Order
6 below.

7 10. Admissions made by respondent herein are for the purposes of this
8 proceeding, for any other disciplinary proceedings by the Board, and for any petition for
9 reinstatement, reduction of penalty, or application for relicensure, and shall have no force or
10 effect in any other case or proceeding.

11 11. It is understood by respondent that, in deciding whether to adopt this
12 Stipulation, the Board may receive oral and written communications from its staff and the
13 Attorney General's office. Communications pursuant to this paragraph shall not disqualify the
14 Board or other persons from future participation in this or any other matter affecting respondent.
15 In the event this settlement is not adopted by the Board, the Stipulation will not become effective
16 and may not be used for any purpose, except for this paragraph, which shall remain in effect.

17 12. The parties agree that facsimile copies of this Stipulation, including
18 facsimile signatures of the parties, may be used in lieu of original documents and signatures. The
19 facsimile copies will have the same force and effect as original signatures.

20 13. In consideration of the foregoing admissions and findings, the parties
21 agree that the Board may, without further notice or formal proceedings, issue and enter an Order
22 as follows.

23 ORDER

24 A. IT IS HEREBY ORDERED that Certified Public Accountant Certificate
25 No. 37698, issued to PAUL ROBERT WILKINSON, is revoked. However, the revocation is
26 stayed and respondent is placed on probation for five (5) years upon the following terms and
27 conditions.

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1. SUSPENSION

Certified Public Accountant Certificate No. 37698 issued to respondent PAUL ROBERT WILKINSON is suspended for forty-five (45) days beginning the effective date of this decision and order, or February 1, 2005, whichever date is later. During the period of suspension, respondent shall engage in no activities for which certification as a Certified Public Accountant or Public Accountant is required, as described in Business and Professions Code, Division 3, Chapter 1, Section 5051.

2. OBEY ALL LAWS

Respondent shall obey all federal, California, other states' and local laws, including those rules relating to the practice of public accountancy in California.

3. SUBMIT WRITTEN REPORTS

Respondent shall submit written reports to the Board within ten (10) days of completion of each quarter on a form obtained from the Board. Respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.

4. PERSONAL APPEARANCES

Respondent shall, during the period of probation, appear in person at interviews/meetings as directed by the Board or its designated representatives, provided such notification is accomplished in a timely matter.

5. COMPLY WITH PROBATION

Respondent shall comply fully with the terms and conditions of the probation imposed by the Board and shall cooperate fully with representatives of the Board in its monitoring and investigation of respondent's compliance with probation terms and conditions.

6. PRACTICE INVESTIGATION

Respondent shall be subject to, and shall permit, a practice investigation of respondent's professional practice. Such a practice investigation shall be conducted by

1 representatives of the Board, provided notification of such review is accomplished in a timely
2 manner.

3 7. COMPLY WITH CITATIONS

4 Respondent shall comply with all final orders resulting from Citations
5 issued by the Board.

6 8. TOLLING OF PROBATION FOR OUT-OF-STATE
7 RESIDENCE/PRACTICE

8 In the event respondent should leave California to reside or practice
9 outside this State, respondent must notify the Board in writing of the dates of departure and
10 return. The period of non-California residency or practice outside the State shall not apply to
11 reduction of the probationary period, or of any suspension. No obligation imposed herein shall
12 be suspended or otherwise affected by such period of out-of-state residence or practice, except at
13 the written direction of the Board.

14 9. CONTINUING EDUCATION COURSES

15 Respondent shall complete forty (40) hours of professional education courses in
16 accounting and auditing as specified by the Board or its designee prior to October 1, 2006. This
17 requirement shall be in addition to the continuing education requirements for licensing.

18 10. REVIEW OF WORK PAPERS AND FINANCIAL STATEMENTS

19 During the period of probation, all work papers and draft reports for audit
20 engagements undertaken by respondent shall be subject to review by a partner in respondent's
21 firm. Upon completion of the review of the work papers and draft reports for audit engagements,
22 respondent shall submit a copy of the report with the reviewer's conclusions and findings to the
23 Board.

24 During the period of probation, all audit, review, and compilation reports and
25 work papers, shall be subject to peer review by a certified peer reviewer approved as such by the
26 California Society of CPA's, at respondent's expense. The review shall be conducted in
27 accordance with the standards established by the Peer Review Board of the American Institute of
28 Certified Public Accountants ("AICPA"), and shall evaluate the respondent's and his firm's

1 system of quality of control, including its organizational structure, the policies and procedures
2 established by the firm, and the firm's compliance with its quality control system as determined
3 on the basis of a review of selected engagements. The specific engagements to be reviewed shall
4 be at the discretion of the peer reviewer.

5 Upon completion of the peer review, respondent shall submit a copy of the report
6 with the reviewer's conclusions and findings to the California Society of CPA's, with a copy to
7 the Board.

8 11. COST OF REIMBURSEMENT

9 Respondent shall reimburse the Board \$3,483.58 for its investigative and
10 prosecution costs. The payment shall be within thirty (30) days of the date that the Board's
11 decision becomes final in this matter.

12 12. VIOLATION OF PROBATION

13 If respondent violates probation in any respect, the Board, after giving respondent
14 notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order
15 that was stayed. If an Accusation or Petition to Revoke Probation is filed against respondent
16 during probation, the Board shall have continuing jurisdiction until the matter is final, and the
17 period of probation shall be extended until the matter is final.

18 13. COMPLETION OF PROBATION

19 Upon successful completion of probation, respondent's license will be fully
20 restored.

21 **B.** This Stipulation shall be subject to the approval of the Board. If the Board
22 fails to adopt this Stipulation as its Order, the Stipulation shall be of no force or effect for either
23 party.

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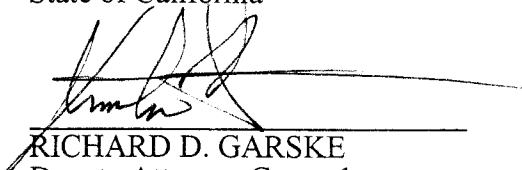
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ENDORSEMENT

We concur in the Stipulation and Order.

BILL LOCKYER
Attorney General of the
State of California

DATED: 2/28/05

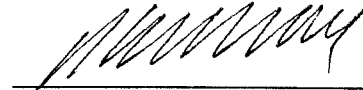

RICHARD D. GARSKE
Deputy Attorney General
Attorneys for Complainant

DATED: 2/12/05


JOHN MITCHELL
Attorney for Respondent

1 I have carefully read and fully understand the Stipulation and Order set forth
2 above. I understand that in signing this Stipulation, I am waiving my right to a hearing on the
3 charges set forth in the Accusation on file in this matter. I further understand that in signing this
4 Stipulation, the Board may enter the foregoing Order placing certain requirements, restrictions,
5 and limitations on my right to practice public accountancy in the State of California. I agree that
6 a facsimile copy of this Stipulation, including a facsimile copy of my signature, may be used with
7 the same force and effect as the original.

8
9 DATED: 2/10/05



PAUL ROBERT WILKINSON
Respondent

1 DECISION AND ORDER
2 OF THE BOARD OF ACCOUNTANCY

3 The foregoing Stipulation and Order, in Case No. AC-2003-28, is hereby adopted
4 as the Order of the California Board of Accountancy. An effective date of April 22, 2005,
5 2005, has been assigned to this Decision and Order.

6 Made this 23rd day of March, 2005.

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9 President
10 FOR THE CALIFORNIA BOARD
11 OF ACCOUNTANCY
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EXHIBIT A

Accusation
Case No. AC-2003-28

1 BILL LOCKYER, Attorney General
of the State of California
2 TIMOTHY L. NEWLOVE, State Bar No. 73428
Deputy Attorney General
3 California Department of Justice
110 West "A" Street, Suite 1100
4 San Diego, California 92101

5 P.O. Box 85266
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6 Telephone: (619) 645-3034
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7 Attorneys for Complainant

8
9 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
10 **DEPARTMENT OF CONSUMER AFFAIRS**
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. AC-2003-28

13 PAUL ROBERT WILKINSON
250 E. Douglas Avenue, #200
14 El Cajon, California 92020

ACCUSATION

15 Certified Public Accountant
Certificate No. CPA 37698

16 Respondent.
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19 Complainant alleges:

20 1. The Complainant, Carol Sigmann, is the Executive Officer of the California
21 Board of Accountancy (hereinafter the "Board") and makes this Accusation solely in her official
22 capacity.

23 2. On May 6, 1983, the Board issued to respondent PAUL ROBERT
24 WILKINSON (hereinafter "WILKINSON") a certificate, No. 37698, of Certified Public
25 Accountant, to practice accountancy in the State of California pursuant to the Accountancy Act,
26 Division 3, Chapter 1, section 5000 et seq., of the California Business and Professions Code.
27 Said certificate is currently in full force and effect and expires subject to renewal on September
28 30, 2004.

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JURISDICTION

3. Business and Professions Code section 5100 authorizes the Board to bring an administrative disciplinary proceeding against a license holder under the Accountancy Act for unprofessional conduct.

FACTS

4. At all times material herein, the Securities and Exchange Commission of the United States of America was and is a governmental agency or body.

5. On or about September 19, 2001, the Securities and Exchange Commission, in an administrative proceeding brought against respondent WILKINSON, entered an Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings and Imposing Remedial Sanctions. The Order determined that, in connection with audits performed by respondent of the financial statements of two publicly traded companies, respondent WILKINSON engaged in improper professional conduct for purposes of Rule 102(e) of the Commission's Rules of Practice. The Order operated to permanently deny respondent's privilege of appearing or practicing before the Securities and Exchange Commission as an accountant.

6. The Securities and Exchange Commission accepted an Offer of Settlement from respondent WILKINSON wherein respondent, without admitting or denying the Commission's findings, consented to the entry of the Order, the Commission's findings and the Commissions' permanent denial of respondent's practice before the Commission.

7. Included within the Order of the Securities and Exchange Commission were findings that respondent WILKINSON was primarily responsible for conducting the Madera International, Inc. ("Madera") audits for the years ended March 31, 1994-1995, and was the reviewing partner for the Madera audits for the years ended March 31, 1996-1998, and the EMB Corporation ("EMB") audits for the five months ended February 29, 1996, and the years ended September 30, 1996-1997. The Order also noted findings that these financial statements included material errors. Examples of errors cited in the Order are:

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1 a. Madera purchased timberland from Imexa, a Nicaraguan corporation,
2 in 1994 for \$5 million. The property value was subsequently increased to \$12 million,
3 based on an appraisal by an "authority in Nicaragua." In February 1995, the property
4 was written off as worthless when it was determined that Imexa did not own the property
5 and that the Nicaraguan government had canceled Imexa's exploration rights.

6 b. In July 1994, Madera entered into an agreement to acquire, among
7 other things, 478,000 acres of timber producing property located in the Brazilian rain
8 forest, which it valued at \$27 million. The only support for the transaction was a
9 "transfer agreement" executed by the seller.

10 Madera realized after the acquisition that due to logistical problems it was
11 not economical to harvest timber and transport it. Madera did not write down the value
12 of the property even though it knew that no potential income would be derived from the
13 property.

14 c. Madera entered into various "consulting agreements" with officers and
15 directors of Madera and companies controlled by them. None of the consulting
16 agreements were disclosed as related party transactions in filing with the Commission.

17 d. The balance sheet of EMB included an asset "land held for sale" valued
18 at \$3.9 million, which accounted for 94% of EMB's assets and all of its stockholders'
19 equity. An appraiser concluded that the market value of the land was \$415,000, and
20 projected net income from the assumed sale of water producing rights over a ten-year
21 period to be \$3.9 million. Since EMB did not intend to develop the property but was
22 simply holding the property for resale, the land should have been recorded at \$415,000.
23 Instead, EMB, with respondent's concurrence, valued the land at \$3.9 million.

24 8. The Order of the Securities and Exchange Commission further noted that,
25 in the conduct of these audits, respondent WILKINSON was responsible for specific departures
26 from auditing standards relating to the Madera International. Inc. audits for the years ended
27 March 31, 1996-1998, and the EMB Corporation audits for the five months ended February 29,
28 1996, and the years ended September 30, 1996-1997, as follows:

1 Madera Audits

2 a. Failed to properly plan and supervise the audits.

3 b. Failed to obtain evidence of the ownership and valuation of an
4 investment in Nicaraguan timber producing property.

5 c. Failed to disclose related party transactions.

6 EMB Audits

7 Failed to obtain sufficient evidential matter concerning the valuation
8 of the "land held for sale" and "Investment in Joint Venture" assets.

9 9. The Order described in paragraph 5 was served upon respondent
10 WILKINSON on or about September 19, 2001. On or about January 31, 2002, in a letter
11 addressed to the California Board of Accountancy, respondent informed the Board about the
12 Order.

13 FIRST CAUSE FOR DISCIPLINE

14 REVOCATION OF THE RIGHT TO PRACTICE
15 BEFORE A GOVERNMENTAL BODY

16 10. Complainant incorporates herein by this reference the preamble and each
17 of the allegations set forth in paragraphs 1 through 8 hereinabove.

18 11. Business and Professions Code § 5100(h) [formerly Business and
19 Professions Code § 5100(g)] provides that unprofessional conduct under the Accountancy Act
20 includes the suspension or revocation of the right to practice before any governmental body or
21 agency.

22 12. The certificate of Certified Public Accountant held by respondent
23 WILKINSON is subject to discipline under Business and Professions Code §5100(h) [formerly
24 Business and Professions Code § 5100(g)], in that on September 19, 2001, the Securities and
25 Exchange Commission of the United States of America permanently denied respondent's
26 privilege of appearing and practicing before the Commission as an accountant for reasons that are
27 substantially related to the qualifications, functions and duties of an accountant, as described in
28 paragraphs 5, 6, 7 and 8 hereinabove.

SECOND CAUSE FOR DISCIPLINE

UNTIMELY REPORTING

13. Complainant incorporates herein by this reference the preamble and each of the allegations set forth in paragraphs 1 through 9 hereinabove.

14. Business and Professions Code § 5063 provides that a licensee shall report to the Board in writing certain reportable events, including the cancellation, revocation or suspension of the right to practice as a Certified Public Accountant before any governmental body or agency, within thirty (30) days of the date that the licensee has knowledge of the event.

15. Business and Professions Code § 5100(g) [formerly Business and Professions Code § 5100(f)] provides that unprofessional conduct includes a wilful violation of the Accountancy Act.

16. The certificate of Certified Public Accountant held by respondent WILKINSON is subject to discipline under Business and Professions Code § 5100(g) [formerly Business and Professions Code § 5100(f)], for a violation of Business and Professions Code § 5063(a)(3), in that respondent was served with the Order permanently denying his privilege to practice before the Securities and Exchange Commission on or about September 19, 2001, and did not report this event to the Board until January 31, 2002.

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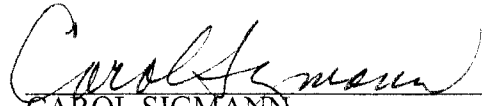
PRAYER

WHEREFORE, the Complainant requests that a hearing be held on the matters herein alleged, and that following said hearing, the Board issue a decision:

a. Revoking, suspending or otherwise imposing discipline upon Certified Public Accountant Certificate No. 37698, heretofore issued to PAUL ROBERT WILKINSON; and

b. Taking such other further action as may be deemed proper.

DATED: May 27, 2003.


CAROL SIGMANN
Executive Officer
California Board of Accountancy
Department of Consumer Affairs
State of California

Complainant